Impact of Demonetization And Cashless Transactions on Retail Market With Special Reference to Nanded District

Introduction:

On the evening of 8th November 2016, Prime Minister Narendra Modi in his historic speech, announced the demonetization of the high value currency notes – of Rs 500 and Rs 1000 denomination. These ceased to be legal tender from the midnight of the same day and announced the issuance of new Rs 500 and Rs 2000 banknotes of the Mahatma Gandhi New series in exchange for the old banknotes. People have been given upto December 30, 2016 to exchange the notes held by them.

The Rs 500 and 1000 rupee notes are two biggest denomination in currency system of India and at that time these notes accounted for around 86% of the countries circulating cash. Due to ban on these high value currency notes , the economy of India faced a major problem due to cash shortage in market. People were seeking to exchange their banknotes had to stand in the lengthy queues. As the Indian economy highly depends on cash based transactions(approximately 78% customer in Indian market deals in cash).That's why the ban on high value currency notes have severe impact on Indian Retail Market.

Customers as well as Traders have faced many problems due to non availability of cash in the market and this situation switches to them(customer and trader) towards cashless transaction which will become beneficial for both and government too, because there is no doubt that demonetization is a great move for a better future of India and its economy. It will definitely influence many more shoppers to start using plastic money in the long-term. Already, malls see usage of credit/ debit cards and e-Wallets go up during big sales, when banks and fin-tech start-ups offer cash backs or discounts. This trend will rise substantially in the long term as such paymen methods become more mainstream.

Segments such as jewellery and luxury have seen a higher impact than others, and this situation is likely to continue for a while. These two segments will take much longer to revive, though plastic money and online payments will help them sustain for now. In the medium-to-long term, however, there is no threat to these sub-segments, as the domestic consumption recovers from the temporary cash crisis. Importantly, the fact that retailers will encourage alternate/ digital payment solutions will help the marketplace become more transparent and structured. The luxury segment, with its historically high incidence of black money acceptance, will see more transactions in white than ever before. This sign well for retail market. Lower footfalls in shopping malls is a passing phase and is expected to normalise in a few weeks as more of the newer currency denominations come into circulation, enhancing the purchasing power of consumers once again. The long-term growth scenario of Indian retail continues to be resilient and growth-oriented..

The plan to demonetize the rupee 500 and rupee 1000 bank notes began six to ten months prior, and was kept highly confidential with only about ten people aware of it completely. The logistical processes and preparations for printing the new rupee 500 and rupee 2000 bank notes began in early-May. The cabinet was informed about the demonetization on 8 November 2016 in a meeting called by the Prime Minister of India Narendra Modi which was followed by Modi's public announcement about the demonetization in a televised address

What is Demonetization:

Demonetization is a process by which a series of currency has no longer use. Demonetization is the combination 'De' and 'Monetization'. Monetization means increase In the flow of cash in the economy and Demonetization means calling of currency from the economy or we can say ban of the currency in economy. In demonetization the circulation of currency become less, because in demonetization government has taking steps towards killing a currency.

Demonetization is a radical financial step in which a currency unit's status as a legal tender is declared as invalid. This move is usually executed when old currency have to be replaced by new one's or whenever there is change of national currency. Process of removing a currency from general usage or circulation.

Causes of Demonetization:

- Introduction of new currency
- Black marketing
- Currency storage
- Corruption and others
- Fake currency
- Terror money

History of Demonetization:

Although the history of Demonetization in India dates back to the time when various rulers ruled this country, the freshest and most significant instances of the demonetization in India are :

1. On 12th January 1946, Rs 10000, Rs 5000, and Rs 1000 notes were declared invalid as legal tender.
2. New notes of Rs 10000, Rs 5000 and Rs 1000 came into economy in 1954
3. On 16th January 1978, Morarji Desai(Leader of Janata Party) demonetized banknotes of Rs 10000, Rs 5000, and Rs 1000. Note that the finance minister at that time was H.M.Patel.
4. RBI introduced the new banknotes of Rs 500 into economy in October 1987.
5. RBI introduced the new banknotes of Rs 1000 into economy in November 2000.

On 8th November 2016 the old banknotes of Rs 500 and Rs 1000 were barred from being legal tender and new notes of Rs 500 and Rs 2000 were introduced.

History at Glance:

Denomination	Year of Introduction	Year of Demonetization
Rs 10000	1938	1946
	1954	1978
Rs 5000	1938	1946
	1954	1978
Rs 1000	1938	1946
	1954	1978
	2000	2016
Rs 500	1987	2016

What is Cashless Transactions:

Cashless transactions means to reduce the use of cash in the economy by promoting the digital payment devices. RBI and government are taking efforts to encourage this new variety of payment and settlement facilities for achieving the goal of cashless society. The aim of cashless transactions is to reduce the use of cash in economy and increase the transparency in exchange of money, it helps to curb of unaccounted money or black money. Digital transactions have better transparency, scalability and accountability.

In cashless economy most of the transactions will be done by digital means like E-banking, Debit and Credit cards , Digital Wallets etc. In simpler words no liquid money or paper currency will be used by the people in a given country. In cashless economy the third party will be in possession of your money. We will allow you to transact hat money that whenever it is needed. If it is not needed the third party can use that money. Cashless economy is when the flow of cash within an economy is non-existent and all transactions have to be through electronic channel such as direct debit, Credit and Debit cards, electronic clearing and payment system such as immediate payment services (IMPS), National Electronic Fund Transfer (NEFT) and Real Time Gross Settlement (RTGS) in India.

As of now cashless economy has only academic importance. The Indian economy continues to be driven by use of cash; less than 5% of all payments happen electronically.

Modes of cash less payment:

1. Cheque

The cheque is one of the oldest methods of cashless payment. It is a known method to everyone. In this method, you issue a cheque for the specific amount to someone else. The cheque gets deposited in the respective bank. The bank processes a payment through a clearing house.

The entire transaction done through cheque gets recorded and there is a proof of payment. However, there are instances where cheque payments get dishonored due to signature mismatch or insufficient fund. In order to avoid such issue, you can use other cashless payment options.

2. Demand Draft

Demand draft is another rudimentary way of cashless transaction. It is a safest option to receive payment from anyone. Demand draft (DD) never gets defaulted as it is signed by the banker. The disadvantage of DD and cheque is you need to visit a bank in order to deposit cheque and demand draft. The clearance of cheque or DD takes additional time.

3. Online Transfer- NEFT or RTGS

The third simplest method for the cashless transaction is online transfer using NEFT or RTGS. In order to do online money transfer, you need internet banking facility. Online transfer using NEFT or RTGS is comparatively faster than cheque or DD. Online transfer can be done from anywhere using internet facility.

4. Credit Card or Debit Card

Credit card or debit card is another cashless payment method. The usage of credit card and debit card was limited in India. However, usage of credit card and debit card is increasing now. The limitation of this payment method is an availability of swipe card facility (PoS) at merchant end.

5. E-Wallets

E-wallet is next cashless payment option. E-wallet can be used to purchase products starting from grocery to airline tickets. In order to use E-wallets customer and merchant, both require a smartphone with active internet connection. The most popular example of E-wallet is PayPal. Apart from PayPal, you can also use Payoneer, Transferwise, Skrill, and PayZa.

After registering for E-wallet you need to link your credit card or debit card with your E-wallet id. You can use e-wallet for fund transfer or online shopping. It is a simplest cashless method.

6. Mobile Wallets

The next cashless payment method is a mobile wallet. You do not need a debit card, credit card or internet banking password for making payment using a mobile wallet. Just load money in your wallet via IMPS and use it on the move. You can download mobile wallet app from play store. Few examples of mobile wallets are Paytm, PayUmoney, Oxigen, Lime, MobiKwik etc.

7. UPI Apps

UPI is a mobile payment system which allows you to do various financial transactions on your smartphone. UPI allows you to send or receive money using virtual payment address without entering bank information. Merchants can enroll with banks to accept payments using UPI. Like in the case of a PoS machine, the merchant would require a current account with a bank to accept UPI payments.

The examples of few UPI Apps are SBI Pay, ICICI Pocket, Axis Pay UPI App, Union Bank UPI App, PNB UPI, PhonePe, TranZapp etc.

8. Gift Card

The next cashless payment method is a gift card. Gift Card is a readymade card and can be purchased from a merchant or from the bank. The gift card is loaded with a fix cash amount you can purchase any item from the specific vendor by using a gift card.

9. Aadhaar Enabled Payment System

Aadhaar Enabled Payment System (AEPS) is one of the best cashless payment methods. AEPS is like Micro ATM it uses smartphone and a finger-print scanner for the transaction. In order to use this facility, it is mandatory to link your Aadhaar card to your bank account. You can use AEPS in order to perform transaction like Aadhar to Aadhar fund transfer, Cash withdrawal, Cash deposit etc.

10. Unstructured Supplementary Service Data

You can use USSD cashless option if you don't have a smartphone or internet connection. Unstructured Supplementary Service Data is mobile banking service. From any mobile phone, you can dial *99# and use this service. You can do all these things which are available to a person with smartphone and internet connection. Almost all banks including SBI, ICICI,BOB, Axis Bank and PNB supports USSD payment option.

What is Retail Market:

Introduction:

Retailing is one of the largest industries in India and one of the biggest source of employment in the country. Retailing is set of business activities, which adds value to products and services sold to the consumers. From marketers point of view, retailing is a set of marketing activities designed to provide satisfaction to the end consumers and profitably maintain the consumer base by continuous quality improvement across all areas concerned with selling goods and services. It is the final step in the distribution of merchandise. Retailer plays a key role in connecting the producers to the ultimate consumers. Retailing covers wide range of products such as food and beverages, apparels, consumer goods, consumer durables and leisure. The retailer value to the consumers in terms of availability of the desire product in the desire time.

The word 'retail' is derived from the French word 'retailer', which means to cut off a price or to break bulk. Retailer may be defined, as a 'dealer or trader who sells goods in small quantities' or 'one who repeats or relates'. The retail activity is defined as "any business that directs its marketing efforts towards satisfying the final consumers based upon the organization of selling goods and services as means of distribution''. The crux of this definition links the activity of selling and satisfying to final consumer leaving the intermediaries involves in the selling process.

According to Philip Kotler :

" Retail Market includes all the activities involved in selling goods or services to the final consumers for personal, non-business use. A retailer or retail store is any business enterprise whose sale volume comes primarily from retailing."

While another definition to retailing states that, “as all activities in selling goods or services directly to final consumers for their personal, non-business use via shops, markets, door-to-door selling, mail orders or over time internet, where the buyer intends to consume the product through personal, family or households to dues.

The term "retailer" is typically applied where a service provider fills the small orders of a large number of individuals, who are end-users, rather than large orders of a small number of wholesale, corporate or government clientele. Shopping generally refers to the act of buying products. Sometimes this is done to obtain final goods, including necessities such as food and clothing; sometimes it takes place as a recreational activity. Recreational shopping often involves window shopping (just looking, not buying) and browsing: it does not always result in a purchase.

Retail shops occur in a diverse range of types and in many different contexts - from strip shopping centres in residential streets through to large, indoor shopping malls. Shopping streets may restrict traffic to pedestrians only. Sometimes a shopping street has a partial or full roof to create a more comfortable shopping environment – protecting customers from various types of weather conditions such as extreme temperatures, winds or precipitation. Forms of non-shop retailing include online retailing (a type of electronic-commerce used for business-to-consumer (B2C) transactions) and mail order.China is currently the largest retail market in the world

Retailing is important because it allows manufacturers to focus on producing goods without having to be distracted by the enormous amount of effort that it takes to interact with the end-user customers who want to purchase those goods.

Retailers should make the purchase of goods easy for the consumer. That's why retail stores have salespeople, why Internet shopping websites have customer service instant chat popups, and why catalogs have descriptions, photos, and toll-free phone numbers.

Retailing is about displaying products, describing the features and benefits of products, stocking products, processing payments and doing whatever it takes to get the right products at the right price to the right customers at the right time.

Some retailers offer additional services to the retail transaction like personal shopping consultations, and gift wrapping to add something extra to the retail customer experience and exceed the retail customer experience.

The retail supply chain consists of manufacturers, wholesalers, retailers and the consumer (end user). The wholesaler is directly connected to the manufacturer, while the retailer is connected to the wholesaler, and not to the manufacturer.

Retail Supply Chain:

Manufacturers – Produce the goods, using machines, raw materials, and labor

Wholesalers – Purchase finished goods from the manufacturers and sell those goods to retailers in large bulk quantities

Retailers – Sell the goods in small quantities to the end-user at a higher price, theoretically at the MSRP (Manufacturers Suggested Retail Price).

Consumer – End user who buys the goods (or “shops”) from the retailer for personal use.

There are exceptions to this traditional supply chain, however. Some of the world's largest retail companies like Walmart, and Amazon.com, for example, are large enough to deal directly with manufacturers, without the need for a wholesaler in the middle of the transaction.

Types Of Retail Stores:

Here are some examples of the different types of brick-and-mortar retail stores where consumers can purchase products for immediate use or consumption.

Department Stores
Sell a wide range of merchandise that is arranged by category into different sections of the physical retail space. Some department store categories include shoes, clothing, beauty products, jewelry, housewares, etc. Examples of department store retailers include Macy's, Nordstrom, and jcpenney, to name just a few.

Grocery Stores and Supermarkets

Sell all types of food and beverage products, and sometimes also home products, clothing, and consumer electronics as well.

Warehouse Retailers

Large no-frills warehouse-type facilities stocked wth a large variety of products packaged in large quantities and sold at lower-than-retail prices

Specialty Retailers
Specialize in a specific category of products. Toys 'R' Us, Victoria's Secret, and Nike are examples of specialty retailers.

Convenience Retailer
Usually part of a retail location which sells gasoline primarily, but also sell a limited range of grocery merchandise and auto care products at a premium "convenience" price from a brick-and-mortar store

Discount Retailer – Sell a wide variety of products are often private labeled or generic brands at below-retail prices, Discount retailers like Family Dollar, Dollar General , and Big Lots will often source closeout and discontinued merchandise at lower-than-wholesale prices and pass the savings onto their customers.

Mobile Retailer - Uses a smartphone platform to process retail transactions and then ships the products that were purchased directly to the customer.

Internet E-tailer –Sell from an Internet shopping website and ship the purchases directly to customers at their homes or workplaces and without all the expenses of a traditional brick-and-mortar retailer, usually sell merchandise for a lower-than-retail price

Major Components of Retail Market Focusing in this Study:

- Food and Vegetables
- Clothing and Textiles
- Jewellery
- Footwear
- Health and Beauty care services
- Pharmaceuticals
- Home Appliances / Furniture
- Mobile Handsets, Mobile Accessories and Services

Profile of Nanded District:

Nanded district is a district of Maharashtra state in central India. The city of Nanded is the district headquarters. The district has an area of 10,502 km while according to 2011 census its population is 3,361,292 of which 27.19% were urban. The Godavari River flows through the district.

Nanded District lies in the eastern portion of Marathwada region, which corresponds to Aurangabad Division of Maharashtra. The district is bounded by Nizamabad, Medak and Adilabad districts of Telangana on the east, by Bidar District of Karnataka falls on the south, by Parbhani and Latur districts of Marathwada on the west, and Yavatmal District of Maharashtra's Vidarbha region on the north. The influence of Telangana, Karnataka and Vidarbha can be seen on the language, behaviour and general conduct of the people of Nanded

Even though Nanded is only mentioned in historical accounts since 4th century, the evidence of human habitation in this area has been found for the past 40 to 50 thousand years.

Upon reorganization of states in 1956, the district of Nanded came to comprise six talukas namely Kandhar, Hadgaon, Biloli, Degloor, Mudhol whereas Mukhed and Bhokar were called Mahals (revenue headquarters). As a result of reorganization of states, Bichkunda, Jukkal villages of Degloor taluka as well as the whole of Mudhol taluka (excluding Dharmabad) were merged with Nizamabad District of Andhra Pradesh. In lieu of them, Kinwat and Islapur villages were separated from Adilabad District and made part of Nanded District again. Islapur village was combined with Kinwat taluka and Dharmabad came to be merged with Biloli taluka.

Scope and Limitations of Study:

Retail market offers opportunities for exploration and investment in urban areas and major portion of the organized retail market is beginning to develop in small cities also. There is very good scope for the research study focusing on some selected components of retail market. This study highlights on, ‘how the cashless transactions fetches growth in retail market of Nanded district.’ The study also focuses on how the retail market affected due to shortage of cash for that specific period and as result, how the turnover of the market got affected. The study will become helpful to retailer to get some tools and idea to implement

their strategy. The geographical limit for present research study are the boundaries of Nanded District.

Objectives Of Study:

1. To find out the problems faced by buyers and sellers due to shortage of cash availability in the market
2. To find out future benefits of demonetizations and cashless transactions for market and society
3. To find out positive and negative impact of demonetization and cashless transactions on retail market with special reference to Nanded District
4. To know the public review on this issues
5. To provide suggestions for better implementation of this policies

Hypothesis:

1**.** There is no significant impact of demonetization on retail business market.

2. Retail Business markets are significantly influenced due to cashless transactions.

3. There is significant increase in cashless transactions in retail business markets due to Demonetization.

Research Methodology:

The research methodology is used for collection analysis and tabulation of data for the research. Data are the base for each research, without data any research cannot be started. The present research work confines itself to an in-depth analysis of various aspect of impact of demonetization and cashless transaction on retail market. The study is based on primary data in particular and secondary data in general. Primary data are collected through questionnaire, supported by personal interview and discussion with buyers and sellers. Secondary data are collected by referring to books, journals, magazines , research papers, articles and websites. Collected data will be tabulated and analyzed by using various statistical truth like co-relation, factor tests like T , Z, F test etc. whenever necessary graphs and charts will be used for presentation data. **Chapter scheme**

i. Introduction

ii. Literature Review

iii. Research methodology

iv. Impact of demonetization and cashless transaction on retail marketing

v. Problems & prospectus of Retails Business Marketing

vi. Finding and Conclusions, Suggestions and Recommendations

Research Guide

Dr.V.K.Bhosale Sir

Research Guide

Lahankar Sarika Madhukar

Date:

Place:Nanded